

Township of Antwerp
Van Buren County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Antwerp	County VAN BUREN
Audit Date 6/30/04	Opinion Date 9/29/04	Date Accountant Report Submitted to State: 12/29/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

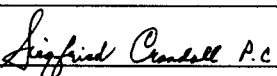
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Siegfried Crandall PC			
Street Address 246 East Kilgore Road	City Kalamazoo	State MI	ZIP 49002-5599
Accountant Signature 		Date	

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Antwerp, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 10, the Township has implemented a new financial reporting model, as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of July 1, 2003.

The budgetary comparison information, on pages 21 through 22, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

INDEPENDENT AUDITORS' REPORT *(Continued)*

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information and the other supplementary data, on pages 23 through 27, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

September 29, 2004

BASIC FINANCIAL STATEMENTS

Township of Antwerp
STATEMENT OF NET ASSETS
June 30, 2004

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 2,684,779
Receivables (net)	153,109
Prepaid expenses	<u>23,061</u>
<i>Total current assets</i>	<u>2,860,949</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>1,897,522</u>
<i>Total assets</i>	<u>4,758,471</u>
LIABILITIES	
Current liabilities:	
Accounts payable	47,585
Accrued liabilities	<u>27,756</u>
<i>Total liabilities</i>	<u>75,341</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,897,522
Unrestricted, unallocated	<u>2,785,608</u>
<i>Total net assets</i>	<u>\$ 4,683,130</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF ACTIVITIES
Year ended June 30, 2004

Functions/Programs	<u>Program Revenues</u>				<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>
<i>Governmental activities:</i>					
Legislative	\$ 9,000	\$ -	\$ -	\$ -	\$ (9,000)
General government	574,758	19,983	-	-	(554,775)
Public safety	373,572	197,593	40,447	23,979	(111,553)
Public works	11,623	-	-	-	(11,623)
Community and economic development	35,772	15,277	-	-	(20,495)
Health and welfare	28,593	-	-	-	(28,593)
<i>Total</i>	<u>\$ 1,033,318</u>	<u>\$ 232,853</u>	<u>\$ 40,447</u>	<u>\$ 23,979</u>	<u>(736,039.00)</u>
<i>General revenues:</i>					
					609,291
					433,404
					46,735
					4,947
					<u>1,094,377</u>
<i>Total general revenues</i>					
Change in net assets					358,338
Net assets - beginning of year					<u>4,324,792</u>
Net assets - end of year					<u>\$ 4,683,130</u>

See notes to financial statements

Township of Antwerp
BALANCE SHEET - governmental funds
June 30, 2004

	<u>General</u>	<u>Mattawan Fire</u>	<u>Other governmental funds</u>	<u>Totals</u>
ASSETS				
Cash	\$ 1,608,861	\$ 643,504	\$ 351,282	\$ 2,603,647
Due from other governmental units	143,519	-	-	143,519
Prepaid expenses	<u>11,382</u>	<u>-</u>	<u>11,679</u>	<u>23,061</u>
<i>Total assets</i>	<u>\$ 1,763,762</u>	<u>\$ 643,504</u>	<u>\$ 362,961</u>	<u>\$ 2,770,227</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts payable	\$ 44,363	\$ -	\$ -	\$ 44,363
Accrued liabilities	17,239	-	-	17,239
Due to other governmental units	<u>-</u>	<u>-</u>	<u>3,498</u>	<u>3,498</u>
<i>Total liabilities</i>	<u>61,602</u>	<u>-</u>	<u>3,498</u>	<u>65,100</u>
<i>Fund balances:</i>				
Unreserved, undesignated	<u>1,702,160</u>	<u>643,504</u>	<u>359,463</u>	2,705,127
<i>Total liabilities and fund balances</i>	<u>\$ 1,763,762</u>	<u>\$ 643,504</u>	<u>\$ 362,961</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,897,522
Enterprise fund net assets have been presented in governmental activities for reporting purposes.	<u>80,481</u>
<i>Net assets of governmental activities</i>	<u>\$ 4,683,130</u>

See notes to financial statements

Township of Antwerp

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended June 30, 2004

	<u>General</u>	<u>Mattawan Fire</u>	<u>Other governmental funds</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 329,451	\$ 127,897	\$ 151,943	\$ 609,291
State grants	432,352	-	1,052	433,404
Licenses and permits	4,824	-	-	4,824
Intergovernmental	-	40,447	-	40,447
Charges for services	30,436	-	-	30,436
Interest and rentals	32,324	7,974	6,437	46,735
Other	4,577	24,349	-	28,926
<i>Total revenues</i>	<u>833,964</u>	<u>200,667</u>	<u>159,432</u>	<u>1,194,063</u>
EXPENDITURES				
Legislative	9,000	-	-	9,000
General government	482,689	-	-	482,689
Public safety	2,085	82,020	91,674	175,779
Public works	203,177	-	-	203,177
Community and economic development	35,772	-	-	35,772
Health and welfare	-	-	21,513	21,513
Capital outlay	68,307	404,436	7,080	479,823
<i>Total expenditures</i>	<u>801,030</u>	<u>486,456</u>	<u>120,267</u>	<u>1,407,753</u>
NET CHANGE IN FUND BALANCES	32,934	(285,789)	39,165	(213,690)
FUND BALANCES - BEGINNING OF YEAR	<u>1,669,226</u>	<u>929,293</u>	<u>320,298</u>	<u>2,918,817</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,702,160</u>	<u>\$ 643,504</u>	<u>\$ 359,463</u>	<u>\$ 2,705,127</u>

Net change in fund balances - total governmental funds \$ (213,690)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 515,429

The change in enterprise fund net assets has been presented in governmental activities for reporting purposes. 56,599

Change in net assets - governmental activities \$ 358,338

See notes to financial statements

Township of Antwerp
STATEMENT OF NET ASSETS - proprietary fund
June 30, 2004

	<u>Building inspections</u>
ASSETS	
Current assets:	
Cash	\$ 81,132
Accounts receivable (net)	<u>9,590</u>
<i>Total assets</i>	<u>90,722</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,222
Accrued liabilities	<u>7,019</u>
<i>Total liabilities</i>	<u>10,241</u>
NET ASSETS	
Unrestricted, unallocated	80,481
Reclassify enterprise fund net assets to governmental activities for reporting purposes	<u>(80,481)</u>
	<u>\$ -</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
proprietary fund
Year ended June 30, 2004

	<u><i>Building inspections</i></u>
OPERATING REVENUES	
Licenses and permits	\$ 197,593
OPERATING EXPENSES	
Public safety	<u>140,994</u>
OPERATING INCOME	56,599
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>23,882</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 80,481</u>
Operating income	\$ 56,599
Reclassify the change in enterprise fund net assets as governmental activity for reporting purposes	<u>(56,599)</u>
	<u>\$ -</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF CASH FLOWS - proprietary fund
Year ended June 30, 2004

	<u><i>Building inspections</i></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 196,069
Payments to suppliers	(80,682)
Payments to employees	<u>(59,638)</u>
<i>Net cash provided by operating activities</i>	55,749
CASH - BEGINNING OF THE YEAR	<u>25,383</u>
CASH - END OF YEAR	<u>\$ 81,132</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF NET ASSETS - *fiduciary funds*
June 30, 2004

	<u>Agency fund type</u>
ASSETS	
Cash	\$ <u>216,387</u>
LIABILITIES	
Due to other governmental units	\$ <u>216,387</u>

See notes to financial statements

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Antwerp, Michigan (the Township), conform to U.S. generally accepted accounting principles, as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Township has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a blended or discretely-presented component unit in the Township's financial statements.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of all interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. The major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):
end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Township.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Mattawan Fire Fund accounts for the operations of the Mattawan Fire Department with the funding coming from an extra-voted tax millage.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with the standards of GASB. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and interest income.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

ii) Receivables and payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All receivables are considered to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., major road improvements), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township includes shared road costs in its infrastructure. These costs represent the Township's portion of public road improvements for roads within the Township, which are owned by the County of Van Buren.

As permitted by U.S. generally accepted accounting principles the Township has elected to report only these infrastructure assets acquired after June 30, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 7 years
Vehicles	5 - 15 years
Shared road costs	20 years

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Capital outlay	Capital outlay	\$57,000	\$ 68,307	\$ 11,307
Mattawan Fire	Capital outlay	Capital outlay	51,000	404,436	353,436

NOTE 3 - DEPOSITS:

The Township's deposits, as shown in the government-wide statement of net assets are as follows

	<u>Governmental funds</u>	<u>Proprietary fund</u>	<u>Fiduciary funds</u>	<u>Primary government</u>
Deposits	\$2,603,227	\$81,132	\$216,387	\$2,900,764
Cash on hand	<u>420</u>	<u>-</u>	<u>-</u>	<u>420</u>
<i>Total cash</i>	<u>\$2,603,647</u>	<u>\$81,132</u>	<u>\$216,387</u>	<u>\$2,901,166</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At June 30, 2004, the Township has deposits with a carrying amount of \$2,900,764 and a bank balance of \$2,937,876. Of the bank balance \$535,074 is covered by federal depository insurance, and \$2,402,802 is uninsured.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the government's individual major funds, in the aggregate, are as follows:

	<u>General</u>	<u>Proprietary</u>	<u>Totals</u>
Accounts	\$ -	\$9,590	\$ 9,590
Intergovernmental	<u>143,519</u>	<u>-</u>	<u>143,519</u>
<i>Total</i>	<u>\$143,519</u>	<u>\$9,590</u>	<u>\$153,109</u>

All receivables are due within one year and are considered fully collectible.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity of the Township for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated:				
Land	\$ <u>104,385</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>104,385</u>
Capital assets being depreciated:				
Buildings and improvements	1,825,930	-	-	1,825,930
Land improvements	83,973	62,061	2,540	143,494
Equipment	240,470	46,792	-	287,262
Vehicles	448,078	319,808	22,000	745,886
Infrastructure - shared road costs	<u>-</u>	<u>193,232</u>	<u>-</u>	<u>193,232</u>
<i>Subtotal</i>	<u>2,598,451</u>	<u>621,893</u>	<u>24,540</u>	<u>3,195,804</u>
Less accumulated depreciation for:				
Buildings and improvements	(858,961)	(74,000)	-	(932,961)
Land improvements	(10,671)	(4,330)	(2,540)	(12,461)
Equipment	(201,922)	(12,219)	-	(214,141)
Vehicles	(249,189)	(15,110)	(22,000)	(242,299)
Infrastructure	<u>-</u>	<u>(805)</u>	<u>-</u>	<u>(805)</u>
<i>Subtotal</i>	<u>(1,320,743)</u>	<u>(106,464)</u>	<u>(24,540)</u>	<u>(1,402,667)</u>
Net capital assets being depreciated	<u>1,277,708</u>	<u>515,429</u>	<u>-</u>	<u>1,793,137</u>
<i>Total capital assets - net of depreciation</i>	<u>\$ 1,382,093</u>	<u>\$ 515,429</u>	<u>\$ -</u>	<u>\$ 1,897,522</u>

Depreciation expense was charged to programs of the Township as follows:

General government	\$ 85,823
Public safety	18,963
Public works, which includes the depreciation of general infrastructure assets	<u>1,678</u>
<i>Total governmental activities</i>	<u>\$106,464</u>

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - JOINT VENTURES:

a) Lawton Fire Department Board of Commissioners:

The Township is a member of the Lawton Fire Department Board of Commissioners (the Fire Board), which is a joint venture of the Townships of Antwerp and Porter, and the Village of Lawton. The Administrative Board of the Fire Board consists of six members, which consists of two members appointed by each participating unit. The Fire Board was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2004, the Township of Antwerp contributed \$69,564 as its proportionate share of the Fire Board's budgeted costs. Complete audited financial statements for the Fire Board can be obtained from the Treasurer of the Township of Antwerp.

b) Paw Paw Fire Department Board:

The Township is a member of the Paw Paw Fire Department Board (the Department), which is a joint venture of the Townships of Antwerp, Almena, Paw Paw, and Waverly, and the Village of Paw Paw. The Administrative Board of the Department consists of members appointed by each participating unit. The Department was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2004, the Township of Antwerp contributed \$19,834 as its proportionate share of the Department's budgeted costs. Complete audited financial statements for the Department can be obtained from the Treasurer of the Department.

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. All members of the Township Board and all Township employees employed for more than 20 hours per week on a regular basis are eligible to participate. Eligible employees may begin participating on the date the plan started, or on the first day of the month coincident with, or immediately following, their date of employment, if later. Eligible employees must defer 5% of their basic annual compensation. The Township will match 200% of the employee's contribution. All of the Township's contributions for each participating employee (and interest allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and its employees made required contributions of \$22,823 and \$11,412, respectively.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - PRIOR PERIOD ADJUSTMENT:

A prior period adjustment has been recorded in 2004 that resulted in fund equity restatements. Fund equity as of July 1, 2003, included in the basic financial statements, represents restated balances as presented below. The following schedule identifies the nature and amount of the adjustment recorded:

	<u>General</u>	<u>Proprietary</u>
<i>Fund equity:</i>		
Beginning of year, as previously reported	\$1,683,884	\$29,067
Prior period adjustment - understatement of liabilities	<u>(14,658)</u>	<u>(5,185)</u>
Beginning of year, as restated	<u>\$1,669,226</u>	<u>\$23,882</u>

NOTE 10 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective July 1, 2003, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. The Township has applied the provisions of this statement, except for the management's discussion and analysis. In connection with the implementation of this statement, the following adjustments to beginning net assets has been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets, as previously reported:	
General Fund, as restated	\$1,669,226
Special revenue funds	<u>1,249,591</u>
	2,918,817
Reclassification of proprietary fund net assets to governmental activities for reporting purposes	23,882
Capitalization of capital assets, net of accumulated depreciation, not previously reported	<u>1,382,093</u>
Net assets, as restated	<u>\$4,324,792</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 355,900	\$ 434,800	\$ 329,451	\$ (105,349)
State grants	500,000	435,000	432,352	(2,648)
Licenses and permits	5,000	10,000	4,824	(5,176)
Charges for services	49,000	41,500	30,436	(11,064)
Interest and rentals	50,000	36,000	32,324	(3,676)
Other	800	1,300	4,577	3,277
<i>Total revenues</i>	<u>960,700</u>	<u>958,600</u>	<u>833,964</u>	<u>(124,636)</u>
EXPENDITURES				
Legislative	9,000	9,000	9,000	-
General government	592,134	616,854	482,689	134,165
Public safety	23,000	2,000	2,085	(85)
Public works	228,600	203,600	203,177	423
Community and economic development	48,750	43,750	35,772	7,978
Capital outlay	57,000	57,000	68,307	(11,307)
<i>Total expenditures</i>	<u>958,484</u>	<u>932,204</u>	<u>801,030</u>	<u>131,174</u>
NET CHANGE IN FUND BALANCE	<u>2,216</u>	<u>26,396</u>	<u>32,934</u>	<u>6,538</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,669,226</u>	<u>1,669,226</u>	<u>1,669,226</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,671,442</u>	<u>\$ 1,695,622</u>	<u>\$ 1,702,160</u>	<u>\$ 6,538</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Mattawan Fire Fund
Year ended June 30, 2004

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 131,216	\$ 160,885	\$ 127,897	\$ (32,988)
Contributions from other governmental units	39,936	39,936	40,447	511
Interest	10,000	10,000	7,974	(2,026)
Other	-	-	24,349	24,349
<i>Total revenues</i>	181,152	210,821	200,667	(10,154)
EXPENDITURES				
Public safety	89,600	104,500	82,020	22,480
Capital outlay	395,000	51,000	404,436	(353,436)
<i>Total expenditures</i>	484,600	155,500	486,456	(330,956)
NET CHANGE IN FUND BALANCE	<u>(303,448)</u>	<u>55,321</u>	<u>(285,789)</u>	<u>(341,110)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>929,293</u>	<u>929,293</u>	<u>929,293</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 625,845</u>	<u>\$ 984,614</u>	<u>\$ 643,504</u>	<u>\$ (341,110)</u>

SUPPLEMENTARY INFORMATION

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - General Fund**

Year ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES			
Taxes:			
Property taxes	\$ 334,800	\$ 237,584	\$ (97,216)
Tax collection fees	100,000	91,867	(8,133)
<i>Total taxes</i>	<u>434,800</u>	<u>329,451</u>	<u>(105,349)</u>
State grants	<u>435,000</u>	<u>432,352</u>	<u>(2,648)</u>
Licenses and permits - cable TV franchise fees	<u>10,000</u>	<u>4,824</u>	<u>(5,176)</u>
Charges for services	<u>41,500</u>	<u>30,436</u>	<u>(11,064)</u>
Interest and rentals:			
Interest	21,000	20,624	(376)
Rents	<u>15,000</u>	<u>11,700</u>	<u>(3,300)</u>
<i>Total interest and rentals</i>	<u>36,000</u>	<u>32,324</u>	<u>(3,676)</u>
Other:			
Contributions	200	120	(80)
Miscellaneous	<u>1,100</u>	<u>4,457</u>	<u>3,357</u>
<i>Total other</i>	<u>1,300</u>	<u>4,577</u>	<u>3,277</u>
<i>Total revenues</i>	<u>958,600</u>	<u>833,964</u>	<u>(124,636)</u>
EXPENDITURES			
Legislative	<u>9,000</u>	<u>9,000</u>	<u>-</u>
General government:			
Supervisor	40,900	39,642	1,258
Elections	19,100	43	19,057
Assessor	70,400	61,432	8,968

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - General Fund (Continued)**

Year ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)			
General government (continued) :			
Attorney	\$ 15,000	\$ 13,982	\$ 1,018
Clerk	71,904	65,379	6,525
Board of review	6,000	1,742	4,258
Treasurer	49,500	43,633	5,867
Hall and grounds	106,500	51,732	54,768
Cemetery	24,450	18,603	5,847
Insurance and bonds	105,000	91,175	13,825
General administration	108,100	95,326	12,774
<i>Total general government</i>	<u>616,854</u>	<u>482,689</u>	<u>134,165</u>
Public safety - fire and ambulance services	<u>2,000</u>	<u>2,085</u>	<u>(85)</u>
Public works:			
Highways and streets	175,000	193,232	(18,232)
Drains at large	-	367	(367)
Refuse collections	22,500	7,966	14,534
Street lighting	6,100	1,612	4,488
<i>Total public works</i>	<u>203,600</u>	<u>203,177</u>	<u>423</u>
Community and economic development - planning and zoning	<u>43,750</u>	<u>35,772</u>	<u>7,978</u>
Capital outlay	<u>57,000</u>	<u>68,307</u>	<u>(11,307)</u>
Total expenditures	<u>932,204</u>	<u>801,030</u>	<u>131,174</u>
NET CHANGE IN FUND BALANCE	26,396	32,934	6,538
FUND BALANCE - BEGINNING OF YEAR	<u>1,669,226</u>	<u>1,669,226</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,695,622</u>	<u>\$ 1,702,160</u>	<u>\$ 6,538</u>

Township of Antwerp
COMBINING BALANCE SHEET - nonmajor governmental funds
June 30, 2004

	<u>Special Revenue</u>				
	<u>Lawton Fire Fund</u>	<u>Paw Paw Fire Fund</u>	<u>Liquor Control Fund</u>	<u>Mattawan Quick Response Fund</u>	<u>Total nonmajor governmental funds</u>
ASSETS					
Cash	\$175,016	\$ 90,009	\$ 230	\$ 86,027	351,282
Prepaid expense	<u>11,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,679</u>
<i>Total assets</i>	<u>\$186,695</u>	<u>\$ 90,009</u>	<u>\$ 230</u>	<u>\$ 86,027</u>	<u>362,961</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Due to other governmental units	\$ -	\$ 3,498	\$ -	\$ -	\$ 3,498
Fund balance:					
Unreserved, undesignated	<u>186,695</u>	<u>86,511</u>	<u>230</u>	<u>86,027</u>	<u>359,463</u>
<i>Total liabilities and fund balances</i>	<u>\$186,695</u>	<u>\$ 90,009</u>	<u>\$ 230</u>	<u>\$ 86,027</u>	<u>\$ 362,961</u>

Township of Antwerp

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND

BALANCES - nonmajor governmental funds

Year ended June 30, 2004

	Special Revenue				Total nonmajor governmental funds
	<u>Lawton Fire Department</u>	<u>Paw Paw Fire Department</u>	<u>Liquor Control Enforcement</u>	<u>Mattawan Quick Response</u>	
REVENUES					
Property taxes	\$ 98,347	\$ 24,295	\$ -	\$ 29,301	\$ 151,943
State grants	-	-	1,052	-	1,052
Interest	<u>1,509</u>	<u>4,268</u>	<u>-</u>	<u>660</u>	<u>6,437</u>
<i>Total revenues</i>	<u>99,856</u>	<u>28,563</u>	<u>1,052</u>	<u>29,961</u>	<u>159,432</u>
EXPENDITURES					
Public safety	69,965	20,234	1,475	-	91,674
Health and welfare	-	-	-	21,513	21,513
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,080</u>	<u>7,080</u>
<i>Total expenditures</i>	<u>69,965</u>	<u>20,234</u>	<u>1,475</u>	<u>28,593</u>	<u>120,267</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>29,891</u>	<u>8,329</u>	<u>(423)</u>	<u>1,368</u>	<u>39,165</u>
FUND BALANCE - BEGINNING OF YEAR	<u>156,804</u>	<u>78,182</u>	<u>653</u>	<u>84,659</u>	<u>320,298</u>
FUND BALANCE - END OF YEAR	<u>\$ 186,695</u>	<u>\$ 86,511</u>	<u>\$ 230</u>	<u>\$ 86,027</u>	<u>\$ 359,463</u>

Township of Antwerp

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -

all agency funds

Year ended June 30, 2004

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>
CURRENT TAX COLLECTION FUND				
ASSETS				
Cash	\$ 296,164	\$ 8,655,707	\$ 8,742,898	\$ 208,973
LIABILITIES				
Due to other funds	2,925	554,913	557,838	-
Due to other governmental units	293,239	8,049,189	8,133,455	208,973
Due to others	-	51,605	51,605	-
<i>Total liabilities</i>	<u>\$ 296,164</u>	<u>\$ 8,655,707</u>	<u>\$ 8,742,898</u>	<u>\$ 208,973</u>
TRUST AND AGENCY FUND				
ASSETS				
Cash	\$ 39,597	\$ 63,884	\$ 96,067	\$ 7,414
LIABILITIES				
Due to other funds	\$ 278	\$ 5,412	\$ 5,690	\$ -
Due to other governmental units	39,319	58,472	90,377	7,414
<i>Total liabilities</i>	<u>\$ 39,597</u>	<u>\$ 63,884</u>	<u>\$ 96,067</u>	<u>\$ 7,414</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 335,761	\$ 8,719,591	\$ 8,838,965	\$ 216,387
LIABILITIES				
Due to other funds	3,203	560,325	563,528	-
Due to other governmental units	332,558	8,107,661	8,223,832	216,387
Due to others	-	51,605	51,605	-
<i>Total liabilities</i>	<u>\$ 335,761</u>	<u>\$ 8,719,591</u>	<u>\$ 8,838,965</u>	<u>\$ 216,387</u>